



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 3/4/2003

GAIN Report Number: MX3026

## Mexico

### Agricultural Situation

### Weekly Highlights & Hot Bites, Issue #11

2003

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**Report Highlights:**

SECRETARY OF THE ECONOMY UPHOLDS NAFTA\*NAFTA: THE SCAPEGOAT OF ALL OF MEXICO'S AGRICULTURAL PROBLEMS\*MEXICAN AVOCADOS REACH RECORD-LEVEL HIGHS\*"THE FARMLAND CAN'T STAND ANYMORE" WANT CORN AND BEANS EXCLUDED FROM NAFTA\*FOX AND CHRETIEN CELEBRATE NAFTA BENEFITS AND THE FUTURE OF THE FTAA\*NEW CERTIFICATE OF ORIGIN FOR ALL MEAT AND MEAT PRODUCT IMPORTS\*WHAT ARE THE ACTUAL BENEFITS ATTAINED BY NAFTA?\*ELECTRICITY RATES ARE TOO HIGH FOR IRRIGATION PUMPS\*\*MEXICO PREPARES FOR NEW BIOTERRORISM FOOD SECURITY LAWS\*SMALLER FARMERS CAN ALSO REAP THE BENEFITS OF NAFTA\*"MEXICAN RURAL SECTOR IS IN A STATE OF EMERGENCY"\*SRA NEEDS BETTER RESTRUCTURING\* FOX PROTECTS NAFTA AND MEXICAN AGRICULTURE\*CNG LOOKS TO NEGOTIATE OUTSIDE OF NAFTA\* "I HAVE ALWAYS BEEN A SUPPORTER": PRESIDENT FOX\*CAP THREATENS NOT TO SIGN NATIONAL AGRICULTURAL PACT\*MEXICAN BUSINESS LEADERS FEAR SCATHING U.S. RESPONSE\*FREE TRADE AGREEMENT MEXICO-JAPAN\*FARMING GROUPS ARE GETTING GREEDY\*

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Mexico [MX1]  
[MX]

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Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

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### **SECRETARY OF THE ECONOMY UPHOLDS NAFTA**

On March 3, 2003, Secretary of the Economy, Fernando Canales Clariond reiterated that the administration would not renegotiate NAFTA. At the National Agricultural Dialogue, Secretary Canales Clariond emphasized the instruments and options available to Mexican farmers and pointed that the renegotiation was not one of those options. Secretary Canales Clariond, also stated his interest and openness to listening to proposals and concerns expressed by the farming groups and other representatives of the rural sector. (Source: *Milenio Diario*, 3/3/03)

### **NAFTA: THE SCAPEGOAT OF ALL OF MEXICO'S AGRICULTURAL PROBLEMS**

On February 27, 2003, the governor of the State of Zacatecas, Arturo Monreal, stated that it would be more productive to change the traditional farming methods in Mexico than blaming all of Mexico's farming problems on NAFTA. (Source: *La Jornada*, 2/28/03)

### **MEXICAN AVOCADOS REACH RECORD-LEVEL HIGHS**

Mexican exports of avocados to the United States reached record levels during the current agricultural cycle. Victor Manuel Garcia, a representative of the Agricultural Secretariat (SAGARPA) in Michoacan, said that 37,682 tons of avocados had been exported during the current cycle, 2,682 tons more than the previous cycle. (Source: *Reforma*, 2/24/03)

### **"THE FARMLAND CAN'T STAND ANYMORE" WANT CORN AND BEANS EXCLUDED FROM NAFTA**

On March 3, 2003, Victor Suarez, spokesman of the farming group "The Farmland Can't Stand Anymore," threatened not to sign the National Agricultural Pact, if the federal government rejected his proposal to renegotiate NAFTA's agricultural chapters. "The Farmland Can't Stand Anymore," also wants to exclude corn (maize) and dry beans from NAFTA. (Source: *Reforma*, *El Universal*, *El Financiero*, *La Jornada*, *Milenio Diario*, 3/4/03)

**FOX AND CHRETIEN CELEBRATE NAFTA BENEFITS AND THE FUTURE OF THE FTAA**

Canadian Prime Minister Jean Chrétien said that Mexico should work to protect democracy in the rest of Latin America because it was being threatened in various countries. Chrétien, added that the Free Trade Agreement of the Americas (FTAA) could promote economic prosperity and the equitable distribution of wealth. In a gala dinner, President Fox and Chrétien celebrated NAFTA's benefits for both nations. Mexico and Canada agreed to exchange information to crack down on money laundering. (Source: *Reforma, El Universal, La Jornada*, 2/28/03)

**NEW CERTIFICATE OF ORIGIN FOR ALL MEAT AND MEAT PRODUCT IMPORTS**

On February 27, 2003, National Cattle Farmers Council (CNG) President, Gustavo Torres, encouraged the GOM ask U.S. exporters to present a certificate of origin to all meat and meat product imports. The purpose of the campaign is to stymie the smuggling and re-exporting from other countries under to the pretext that it is of U.S. origin. (Source: *El Financiero*, 2/28/03)

**WHAT ARE THE ACTUAL BENEFITS ATTAINED BY NAFTA?**

On February 28, 2003, the governor of the southern state of Chiapas, Pablo Salazar, demanded President Vicente Fox conduct a survey to determine and publicly demonstrate the actual benefits attained since NAFTA's inception. In addition, Governor Salazar stated that he has no problem with NAFTA's commercial component but demanded something be done to attend the rural sectors' demands and called on the executive to implement speedy solutions and the drafting of a new rural sector policy. (Source: *Reforma*, 3/3/03)

**"ELECTRICITY RATES ARE TOO HIGH FOR IRRIGATION PUMPS"**

On February 23, 2003, Carlos Chavez, President of the Committee for the Improvement of National Agriculture, said that Mexican farmers could not compete with U.S. farmers due to high electricity rates. Farmers using irrigation, responsible for more than half of Mexico's agricultural production, proposed that the GOM reduce electricity rates for irrigation pumps. (Source: *El Financiero*, 2/24/03)

**MEXICO PREPARES FOR NEW BIOTERRORISM FOOD SECURITY LAWS**

On February 26, 2003, a USDA official reportedly told members of the Puebla State Chamber of Agriculture that the new bioterrorism food security laws would mean that agricultural products would be inspected more rigorously, but that steps would be taken to minimize the impact upon bilateral commerce. (Source: *El Universal*, 2/27/03)

**SMALLER FARMERS CAN ALSO REAP THE BENEFITS OF NAFTA**

On March 3, 2003, agricultural industrialists along with Mexican farmers and peasants formed a common front to ask the GOM to create similar farming infrastructure enjoyed by the U.S. and Canadian farmers. The goal is for smaller-scale farmers to reap the benefits of NAFTA. (Source: *Reforma*, 3/3/03)

**"MEXICAN RURAL SECTOR IS IN A STATE OF EMERGENCY"**

On February 27, 2003, rural sector and farming group leaders in conjunction with members of Congress from the Revolutionary Institutional Party (PRI), the Revolutionary Democratic Party (PRD) and the National Action Party (PAN) submitted their suggestions for constitutional reform that would declare the rural Mexican sector in state of emergency. (Source: *El Financiero*, 2/28/03)

**SRA NEEDS BETTER RESTRUCTURING**

Agrarian Reform Secretary, Maria Teresa Herrera, acknowledged that the Agrarian Reform Secretariat (SRA) needed restructuring to offer better opportunities for Mexican farmers, and said that she would soon be sending Congress legislative proposals based on discussions from the National Agricultural Dialogue. Private sector representatives demanded that their proposals also be included in the National Agricultural Pact. Farming groups and federal government representatives agreed to produce a draft of the Pact by March 7, which would be presented to the National State Governors Conference (CONAGO) on March 14. (Source: *Reforma*, *El Universal*, 2/27/03)

**FOX PROTECTS NAFTA AND MEXICAN AGRICULTURE**

On February 26, 2003, at the Binational Committee meeting for U.S.-Mexico trade, President Vicente Fox spoke of the benefits gained by NAFTA. However, he publicly addressed the economic asymmetries between the U.S. and Mexico and gave his personal guarantee that his government would take the issue to the World Trade Organization (WTO) to eliminate subsidies. (Source: *Milenio Diario*, 2/27/03)

**CNG LOOKS TO NEGOTIATE OUTSIDE OF NAFTA**

On February 26, 2003, National Cattle Farmers Council (CNG) President, Gustavo Torres, stated that farmers were negotiating a separate trilateral agreement on agriculture with their U.S. and Canadian counterparts, outside of NAFTA, in order to balance some existing inequalities on agricultural trade. (Source: *El Universal*, 2/27/03)

**"I HAVE ALWAYS BEEN A SUPPORTER": PRESIDENT FOX**

On February 25, 2003, President Vicente Fox stated that since his rise to the presidency, his administration has always placed agriculture at the top of the agenda. President Fox mentioned that he has always shown interest in the issues of ordinary people and not just the wealthy. He added that rural sector issues are highly politicized; he condemned the "so-called representative farming organizations" that hurt the National Dialogue discussions and the possibility of rescuing the impoverished rural sector. (Source: *El Universal*, 2/26/03)

**CAP THREATENS NOT TO SIGN NATIONAL AGRICULTURAL PACT**

Currently, discussions have concluded for six topics of the National Agricultural Dialogue and farming groups stated that it was time for political negotiations to show results. Discussions regarding NAFTA and agricultural legislation have not yet taken place. The Permanent Agrarian Council (CAP) threatened not to sign the National Agricultural Pact on March 15. The GOM worries this could disrupt the consensus reached with other farming groups. (Source: *La Jornada*, *Milenio Diario*, 2/24/03)

**MEXICAN BUSINESS LEADERS FEAR SCATHING U.S. RESPONSE**

René Ortiz, Vice-President for International Trade of the National Council for Industry and Transportation (CANACINTRA), and Alina Aldape, Director for International Trade of the Confederation of Industrial Councils (CONCAMIN), fear that trade relations may suffer due to Mexico's anti-war stance in the United Nations Security Council. Mr. Ortiz and Ms. Aldape emphasized the potential problems like the closing of international ports of entry, or the halt of Mexican exports, in addition to diminishing investment. (Source: *El Financiero*, 2/24/03)

**FREE TRADE AGREEMENT MEXICO-JAPAN**

On February 26, 2003, Carlos Rojas Magnon, a representative from the Mexican International Trade Council, stated that the Free Trade Agreement between Mexico and Japan could be signed by early May of this year. Substantive negotiations would take place during most of April between both nations. (Source: *El Financiero*, 2/26/03)

**FARMING GROUPS ARE GETTING GREEDY**

The farming group, "The Farmland Can't Stand Anymore," demanded that amnesty be granted to all farmers facing criminal or civil charges over land disputes via Congressional action. The National Confederation of Farm Workers (CNC) asked for 21 modifications of current agrarian reform laws. Secretary of Agriculture, Javier Usabiaga, said that his Secretariat (SAGARPA) would only respond to "viable" demands made by farmers during the National Agricultural Dialogue. (Source: *Reforma*, *El Financiero*, *La Jornada*, *Milenio Diario*, 2/28/03)

**REPORTS SUBMITTED RECENTLY BY FAS/MEXICO CITY**

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MX3025	Hot Bites Issue #10	02/26/03

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